



Senate

General Assembly

February Session, 2010

File No. 542

Senate Bill No. 430

Senate, April 14, 2010

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING CERTAIN CIGARETTE TAX VIOLATIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (e) of section 12-286 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July*
3 *1, 2010*):

4 (e) (1) Any person who knowingly sells, offers for sale or possesses
5 with intent to sell any cigarettes, without a license as provided in this
6 chapter, shall be fined not more than five hundred dollars or
7 imprisoned for not more than three months, or both, for each offense.
8 Each day of such unauthorized operation may be deemed a separate
9 offense. The provisions of this subdivision shall not apply to any
10 person whose cigarette dealer's license has expired, where the period
11 of operation without such license has not exceeded ninety days from
12 the date of expiration.

13 (2) Any person who knowingly sells at retail, offers for sale at retail
14 or possesses with intent to sell at retail any taxed tobacco products, as

15 defined in section 12-330a, without a dealer's license as provided in
16 this chapter, shall be fined not more than five hundred dollars or
17 imprisoned for not more than three months, or both, for each offense.
18 Each day of such unauthorized operation may be deemed a separate
19 offense. The provisions of this subdivision shall not apply to any
20 person whose cigarette dealer's license has expired, where the period
21 of operation without such license has not exceeded ninety days from
22 the date of expiration.

23 (3) Any person whose cigarette dealer's license has expired and who
24 knowingly sells at retail, offers for sale at retail or possesses with intent
25 to sell at retail any cigarettes or taxed tobacco products, as defined in
26 section 12-330a, where such person's period of operation without such
27 license has not exceeded ninety days from the date of expiration, shall
28 have committed an infraction and shall be fined ninety dollars.

29 Sec. 2. Subsection (a) of section 12-304 of the general statutes is
30 repealed and the following is substituted in lieu thereof (*Effective July*
31 *1, 2010*):

32 (a) (1) No distributor shall sell, and no other person shall sell, offer
33 for sale, display for sale or possess with intent to sell, any cigarettes
34 [(1)] (A) which do not bear stamps evidencing the payment of the tax
35 imposed by this chapter, or [(2)] (B) the stamping of which is
36 prohibited by subsection (b) of section 12-302 or subsection (b) of
37 section 12-303, provided a licensed dealer may keep on hand, at the
38 location for which such dealer's license is issued, unstamped cigarettes,
39 other than cigarettes, the stamping of which is prohibited by
40 subsection (b) of section 12-303, for a period not exceeding twenty-four
41 hours. Any unstamped cigarettes in the possession of a dealer shall be
42 presumed to have been held by such dealer for more than twenty-four
43 hours unless proof is shown to the contrary. [Any]

44 (2) Except as provided in subdivision (3) of this subsection, any
45 person who knowingly violates any provision of this subsection shall
46 be fined not more than one thousand dollars or imprisoned not more
47 than one year or both.

48 (3) Any licensed dealer who knowingly violates any provision of
49 subdivision (1) of this subsection shall have committed an infraction
50 and shall be fined ninety dollars, provided the quantity of unstamped
51 cigarettes in the possession of such dealer does not exceed six hundred
52 cigarettes and it is such dealer's first violation of the provisions of this
53 subsection.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2010</i>	12-286(e)
Sec. 2	<i>July 1, 2010</i>	12-304(a)

FIN *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Department of Revenue Services	GF - Revenue Loss	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

Changing the penalties for certain violations of cigarette licensing laws is anticipated to result in a minimal annual revenue loss. The Department of Revenue Services processed 40 cigarette tax violations in FY 09. Since current enforcement of these provisions generally results in a court order fine of approximately \$100, these violations resulted in a General Fund revenue gain of approximately \$4,000. Under the new provisions, the revenue gain would have been \$3,600.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Department of Revenue Services

OLR Bill Analysis**SB 430*****AN ACT CONCERNING CERTAIN CIGARETTE TAX VIOLATIONS.*****SUMMARY:**

This bill reduces the penalties for certain types of knowing violations of the laws against (1) selling cigarettes or taxed tobacco products without a license and (2) selling unstamped cigarettes or possessing them for sale. Under current law, any violation of these laws carries a maximum penalty of a \$500 or \$1,000 fine, up to three months or one year in jail, or both. Under certain conditions, the bill reduces these punishments to infractions with a \$90 fine. Current penalties still apply to violations that do not meet the bill's criteria for a reduced penalty.

EFFECTIVE DATE: July 1, 2010

SALE OF CIGARETTES OR TAXED TOBACCO PRODUCTS WITHOUT A LICENSE

It is illegal to sell cigarettes or taxed tobacco products without a cigarette dealer's license. Under current law, the penalty for each knowing violation is a fine of up to \$500, up to three months in jail, or both, with each day of unauthorized operation counted as a separate offense. The bill reduces the penalty to an infraction, with a \$90 fine, for a dealer who operates for no more than 90 days after his or her license expires.

Taxed tobacco products include snuff, cigars, cheroots, pipe tobacco, and similar products.

SALE OR POSSESSION OF UNSTAMPED CIGARETTES

It is illegal to sell, offer to sell, display for sale, or possess unstamped cigarettes, except that a licensed cigarette dealer may

legally possess unstamped cigarettes at a licensed location for no more than 24 hours. Under current law, the penalty for a knowing violation is a fine of up to \$1,000, up to one year in jail, or both. The bill reduces the penalty to an infraction, with a \$90 fine, if it is the dealer's first violation and he or she knowingly possesses no more than 600 unstamped cigarettes.

BACKGROUND

Infractions

Infractions are punishable by fines, usually set by Superior Court judges, of between \$35 and \$90, plus a \$20 or \$35 surcharge and an additional fee based on the amount of the fine. There may be other added charges depending upon the type of infraction. With the various additional charges, the total amount due can be over \$300 but often is less than \$100. An infraction is not a crime; and violators can pay the fine by mail without making a court appearance.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 52 Nay 0 (04/01/2010)